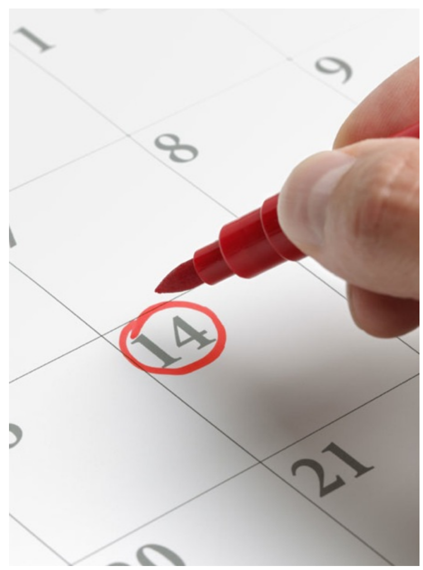
PENSION STRATEGIES
QUALIFIED PLAN DESIGN & ADMINISTRATION

Strategic Update

Ideas, news and tips from Pension Strategies

November 2014

Number One Problem: Late 401(k) Deposits



Late 401(k) deposits are the most frequently seen problem at Pension Strategies. The Department of Labor takes late deposits very seriously. Plan sponsors are generally required to deposit employee contributions within seven business days, but we have seen auditors apply an even stricter standard. If you deposit tax withholding sooner than seven days, it stands to reason you can make 401(k) deposits sooner as well.

Our advice - establish procedures to deposit no more than three days after your pay date or even sooner if you are a daily tax depositor. In order to self-correct you must:

1. Disclose on the Form 5500 that you have late deposits AND
2. Calculate lost earnings and make the participants whole AND
3. File a Form 5330 excise tax return and pay excise taxes on the lost earnings

While we are happy to help you with the calculations and forms to make the corrections, we strongly recommend you make your contributions timely and avoid the whole situation.

UPCOMING DEADLINES

December 1st
2015 Safe Harbor Notice for 401(k) plans with safe harbor contributions must be provided to participants.

December 31st
Deadline to

ALERT: HATFA
New IRS Limits Announced

On October 23rd The Internal Revenue Service announced cost-of-living adjustments for 2015. Many of the pension plan limitations will change for 2015. Here are some highlights:

- 401(k) Employee Contributions - $18,000
- Catch Up - $6,000
- Defined Contribution Limit (415) - $53,000
- Social Security Taxable Wage Base - $118,500
- Defined Benefit Maximum Annual Benefit (415) - $210,000 (no change from 2014)

implement a new retirement plan. Year-end tax planning now can maximize your tax savings through pension contributions.

About Pension Strategies

Join Our Mailing List!

For more information contact Pension Strategies or check this link on the IRS web site: IRS Website

Watch Out for RMDs

Although qualified retirement plans provide excellent tax deferral strategies for taxpayers, the IRS requires certain individuals to take taxable Required Minimum Distributions (RMDs) annually starting at age 70 ½ or the year the individual retires.

However, if the individual is a 5% owner of the company sponsoring the qualified plan, the individual must start taking RMDs at age 70 ½, regardless of whether the individual is retired. Failure to receive a timely RMD from the qualified plan could result in a 50% penalty by the IRS.

Please let us know if you would like us to address any topics in upcoming issues of Strategic Update. We're here to be your best resource in the Retirement Planning industry.

Sincerely,
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Jill Hastings, JD
David Schattenberg, APA, Senior Consultant
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And the entire Pension Strategies team